



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** July 27, 2010

**TO:** Mayor and Councilmembers

**FROM:** Accounting Division, Finance Department

**SUBJECT:** Three-Year Agreement For Printing, Stuffing, And Mailing Utility Bills, Business License Renewals, And Other Bills; One-Year Agreement For Printing City News In Brief

**RECOMMENDATION:** That Council:

- A. Approve and authorize the Finance Director to execute a three-year service agreement with CSG Systems for the printing, stuffing, and mailing of utility bills, business license renewals, and miscellaneous other billings at a cost not to exceed \$72,000 annually (excluding postage); and
- B. Approve and authorize the Finance Director to execute a one-year service agreement with CSG Systems for printing The City News in Brief newsletter at a cost not to exceed \$21,000 annually.

### DISCUSSION:

In February 2007 the City entered into a three-year agreement with CSG Systems (CSG), formerly DataProse, for the printing, stuffing, and mailing of utility bills and other billings. The original agreement included an option to extend the agreement for up to two additional years, with annual price increases for printing and insertion services. The City has also contracted with CSG to print the monthly City News In Brief newsletter which is included with the bills that are sent to customers.

Due to the recent budget difficulties facing the General Fund and the City as a whole, staff has negotiated with CSG to reduce the cost of the printing and insertion services. Due to the volume of business that the City does with CSG, and the business relationship developed over the past three years, CSG was receptive to a reduction in printing costs. Staff has negotiated a new three-year agreement with CSG that would reduce the printing costs by approximately two cents per piece and newsletter insertion costs by approximately a half cent per piece. CSG prints over 30,000 pieces each month and the savings from this new production agreement are estimated to be up to \$10,000 annually.

Staff recommends that the City execute a new three-year agreement with CSG for the aforementioned bill printing services and a one-year agreement for printing the City

News In Brief. Staff has been satisfied with the quality and timeliness of the services provided by CSG and the level of customer service that we have received. Staff has developed an efficient and synergistic process with the vendor to produce the bills in a timely manner. The monthly newsletter is currently printed using month-to-month agreements. The annual agreement would guarantee the current rate for twelve months and eliminate the need for monthly agreements.

Requesting bids from other vendors or changing vendors is not recommended at this time. Preparing a request for vendor proposals, evaluating those proposals, and converting services to a new vendor at this time would significantly strain our current staff resources. It would take significant staff time and resources to design the transfer of data from the City's billing system to a new vendor's bill format.

#### **BUDGET/FINANCIAL INFORMATION:**

The cost of printing utility and other bills, and insertion of the City News in Brief, is paid by the Finance Department in the General Fund. Projected savings from the new contract for bill printing were included in the FY 2011 budget in the Finance Department, General Fund. The cost of the newsletter printing is currently budgeted in the Water Fund and will have no further budgetary impact.

#### **SUSTAINABILITY IMPACT:**

The new contract that staff has negotiated includes a change to print the bills on recycled stock.

**PREPARED BY:** Rudolf J. Livingston, Accounting Manager

**SUBMITTED BY:** Robert Samario, Finance Director

**APPROVED BY:** City Administrator's Office